

**MEMBERS INTERESTS 2012**

A Member with a disclosable pecuniary interest in any matter considered at a meeting must disclose the interest to the meeting at which they are present, except where it has been entered on the Register.

A Member with a non pecuniary or pecuniary interest in any business of the Council must disclose the existence and nature of that interest at commencement of consideration or when the interest becomes apparent.

Where sensitive information relating to an interest is not registered in the register, you must indicate that you have an interest, but need not disclose the sensitive information.

Please tick relevant boxes

Notes

	<b>General</b>		
1.	I have a disclosable pecuniary interest.	<input type="checkbox"/>	<i>You cannot speak or vote and must withdraw unless you have also ticked 5 below</i>
2.	I have a non-pecuniary interest.	<input type="checkbox"/>	<i>You may speak and vote</i>
3.	I have a pecuniary interest <b>because</b> it affects my financial position or the financial position of a connected person or, a body described in 10.1(1)(i) and (ii) <b>and</b> the interest is one which a member of the public with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice my judgement of the public interest or it relates to the determining of any approval consent, licence, permission or registration in relation to me or a connected person or, a body described in 10.1(1)(i) and (ii) <b>and</b> the interest is one which a member of the public with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice my judgement of the public interest	<input type="checkbox"/>          <input type="checkbox"/>	<i>You cannot speak or vote and must withdraw unless you have also ticked 5 or 6 below</i>          <i>You cannot speak or vote and must withdraw unless you have also ticked 5 or 6 below</i>
4.	I have a disclosable pecuniary interest (Dispensation 16/7/12) or a pecuniary interest but it relates to the functions of my Council in respect of:  (i) Housing where I am a tenant of the Council, and those functions do not relate particularly to my tenancy or lease.  (ii) school meals, or school transport and travelling expenses where I am a parent or guardian of a child in full time education, or are a parent governor of a school, and it does not relate particularly to the school which the child attends.  (iii) Statutory sick pay where I am in receipt or entitled to receipt of such pay.  (iv) An allowance, payment or indemnity given to Members  (v) Any ceremonial honour given to Members  (vi) Setting Council tax or a precept under the LGFA 1992	<input type="checkbox"/>          <input type="checkbox"/>          <input type="checkbox"/>          <input type="checkbox"/>          <input type="checkbox"/>          <input type="checkbox"/>	<i>You may speak and vote</i>          <i>You may speak and vote</i>          <i>You may speak and vote</i>          <i>You may speak and vote</i>          <i>You may speak and vote</i>          <i>You may speak and vote</i>
5.	A Standards Committee dispensation applies (relevant lines in the budget – Dispensation 20/2/13 – 19/2/17)	<input type="checkbox"/>	<i>See the terms of the dispensation</i>
6.	I have a pecuniary interest in the business but I can attend to make representations, answer questions or give evidence as the public are also allowed to attend the meeting for the same purpose	<input type="checkbox"/>	<i>You may speak but must leave the room once you have finished and cannot vote</i>

**'disclosable pecuniary interest'** (DPI) means an interest of a description specified below which is your interest, your spouse's or civil partner's or the interest of somebody who you are living with as a husband or wife, or as if you were civil partners and you are aware that that other person has the interest.

**Interest**

Employment, office, trade, profession or vocation

Sponsorship

**Prescribed description**

Any employment, office, trade, profession or vocation carried on for profit or gain.

Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by M in carrying out duties as a member, or towards the election expenses of M.

	This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority— (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	Any tenancy where (to M's knowledge)— (a) the landlord is the relevant authority; and (b) the tenant is a body in which the relevant person has a beneficial interest.
Securities	Any beneficial interest in securities of a body where— (a) that body (to M's knowledge) has a place of business or land in the area of the relevant authority; and (b) either— (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

*"body in which the relevant person has a beneficial interest" means a firm in which the relevant person is a partner or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest; "director" includes a member of the committee of management of an industrial and provident society;*

*"land" excludes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income; "M" means a member of a relevant authority;*

*"member" includes a co-opted member; "relevant authority" means the authority of which M is a member;*

*"relevant period" means the period of 12 months ending with the day on which M gives notice to the Monitoring Officer of a DPI;*

*"relevant person" means M or M's spouse or civil partner, a person with whom M is living as husband or wife or a person with whom M is living as if they were civil partners;*

*"securities" means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.*

**'non pecuniary interest'** means interests falling within the following descriptions:

- 10.1(1)(i) Any body of which you are a member or in a position of general control or management and to which you are appointed or nominated by your authority;
- (ii) Any body (a) exercising functions of a public nature; (b) directed to charitable purposes; or (c) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union), of which you are a member or in a position of general control or management;
- (iii) Any easement, servitude, interest or right in or over land which does not carry with it a right for you (alone or jointly with another) to occupy the land or to receive income.
- 10.2(2) A decision in relation to that business might reasonably be regarded as affecting your well-being or financial position or the well-being or financial position of a connected person to a greater extent than the majority of other council tax payers, ratepayers or inhabitants of the ward, as the case may be, affected by the decision.

**'a connected person'** means

- (a) a member of your family or any person with whom you have a close association, or
- (b) any person or body who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors;
- (c) any person or body in whom such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or
- (d) any body of a type described in sub-paragraph 10.1(1)(i) or (ii).

**'body exercising functions of a public nature'** means

Regional and local development agencies, other government agencies, other Councils, public health bodies, council-owned companies exercising public functions, arms length management organisations carrying out housing functions on behalf of your authority, school governing bodies.

A Member with a personal interest who has made an executive decision in relation to that matter must ensure any written statement of that decision records the existence and nature of that interest.

**NB** Section 21(13) of the LGA 2000 overrides any Code provisions to oblige an executive member to attend an overview and scrutiny meeting to answer questions.

**AUDIT AND GOVERNANCE COMMITTEE HELD: 23 SEPTEMBER 2014**  
Start: 7.00pm  
Finish: 8.10pm

**PRESENT:**

Councillor: E Pope, (Chairman)  
D Whittington (Vice Chairman)

Councillors: C Dereli G Oliver  
Y Gagen R Pendleton  
P Greenall D Westley  
G Jones

Officers: Borough Treasurer (Mr M Taylor)  
Borough Solicitor (Mr T Broderick)  
Audit Manager (Mr M Coysh)  
Assistant Member Services Manager (Mrs J Denning)

In attendance: Mr G Small, Engagement Manager, Grant Thornton (External Audit)

**15. APOLOGIES**

Apologies for absence were received on behalf of Councillors G Hodson and Pryce-Roberts.

**16. MEMBERSHIP OF THE COMMITTEE**

In accordance with Council Procedure Rule 4, the Committee noted the termination of membership of Councillor Savage and the appointment of Councillor G Oliver for this meeting only, giving effect to the wishes of the Political Groups.

**17. DECLARATIONS OF INTEREST**

There were no declarations of interest.

**18. MINUTES**

RESOLVED That the minutes of the last meeting of the Committee held on 26 June 2014 be approved as a correct record and signed by the Chairman.

**19. GRANT THORNTON - AUDIT PLAN FINDINGS REPORT**

Consideration was given to the report of the Borough Treasurer, as contained on pages 147 to 174 of the Book of Reports, which set out the reports received from the External Auditors setting out their findings on the audit of the accounts and value for money.

Comments and questions were raised in respect of the following:

- Reserve balances
- Adequacy of planning assumptions – impairment charges
- Capital spending

RESOLVED That the report be noted.

**20. INTERNAL AUDIT ACTIVITIES - QUARTERLY UPDATE**

Consideration was given to the report of the Borough Treasurer, as contained on pages 175 to 180 of the Book of Reports, which advised of progress against the 2014/15 Internal Audit Plan.

The Audit Manager advised that 46% of the items were currently in progress compared with 44% for the same period in 2013/14.

Comments and questions were raised in respect of the following:

- Changes to performance Indicators
- Benefits processing – speed and error levels
- Universal Credit Briefing for all Members – 23 October 2014

The Borough Treasurer gave an undertaking to provide details to Members in respect of error levels in relation to Benefits Processing.

RESOLVED That progress in the year to date, be noted.

**21. APPROVAL OF STATEMENT OF ACCOUNTS**

Consideration was given to the report of the Borough Treasurer, as contained on pages 181 to 186 (page 101), of the Book of Reports, which sought approval of a Letter of Representation and the Councils Annual Statement of Accounts.

RESOLVED A That the revised Letter of representation set out in the updated Appendix 1 to the report, be endorsed.

B That the Statement of Accounts set out in Appendix 2 to the report, be approved.

**22. REGULATION OF INVESTIGATORY POWERS ACT - ANNUAL SETTING OF POLICY AND REVIEW OF USE OF POWERS**

Consideration was given to the report of the Borough Solicitor, as contained on pages 187 to 214(b), which reviewed and set out the policy for the Regulation of Investigatory Powers Act (RIPA) and reviewed the Councils use of covert surveillance and communications data over the last year.

Comments and questions were raised in respect of the following:

- Incidents occurring in Tanhouse
- Monitoring of CCTV cameras in compliance with the Code

The Borough Solicitor gave an undertaking to seek assurance from the Assistant Director Community Services that all cameras are working and are being monitored by the CCTV Suite.

RESOLVED That the report be noted.

**23. ANNUAL REVIEW - ANTI FRAUD, BRIBERY AND CORRUPTION POLICY**

Consideration was given to the report of the Borough Treasurer, as contained on pages 215 to 234 of the Book of Reports which provided a summary of the fraud, bribery and corruption issues facing the Council and the action being taken with them.

RESOLVED A. That the self assessment of fraud and corruption issues, as set out in Appendix 1 to the report, be noted.

B. That the Counter Fraud Plan, as set out in Appendix 2 to the report, be endorsed.

**24. LOCAL AUDIT AND ACCOUNTABILITY ACT 2014**

Consideration was given to the report of the Borough Treasurer, as contained on pages 231 to 234 of the Book of Reports, which provided a summary of the Local Audit and Accountability Act 2014.

RESOLVED That the new requirements of the act be noted.

**25. WORK PROGRAMME**

Consideration was given to the Committee's programme of work as set down at page 235 of the Book of Reports.

The Chairman gave an undertaking to contact all Members seeking ideas for future Briefings.

RESOLVED That the Work Programme be noted.

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THE CHAIRMAN





**AGENDA ITEM: 5**

**AUDIT AND GOVERNANCE  
COMMITTEE  
27<sup>th</sup> January 2015**

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**Report of: Borough Treasurer**

**Relevant Managing Director: Managing Director (People and Places)**

**Contact: Marc Taylor (Extn. 5092)  
(E-mail: Marc.Taylor@westlancs.gov.uk)**

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**SUBJECT: ANNUAL AUDIT LETTER**

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Wards affected: Borough Wide

**1.0 PURPOSE OF THE REPORT**

1.1 To consider the Grant Thornton Annual Audit Letter for the Year Ended 31<sup>st</sup> March 2014.

**2.0 RECOMMENDATION**

2.1 That the Letter be considered and that any questions on its contents be raised with the External Auditors at the meeting.

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**3.0 BACKGROUND**

3.1 Each year our External Auditors produce an Annual Audit Letter. A copy of this year's Letter has been included as the Appendix to this report. The Letter provides an overall summary of the auditor's assessment of the Council, based on all of the work that they have undertaken over the last year.

#### **4.0 CURRENT ISSUES**

4.1 The Annual Audit Letter confirms that:

- An unqualified opinion has been given on the accounts, which means that they provide a true and fair view of the Council's income and expenditure for the year and its financial position as at 31 March 2014
- the Council has proper arrangements in place for securing economy, efficiency and effectiveness in its use of resources

4.2 The Annual Audit Letter also confirms that audit fee charged for the year was £74,928, which was in line with the original audit plan.

4.3 Our external auditors will be attending the meeting and will be able to answer any questions that Members may have on the Letter.

#### **5.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY**

5.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder. The report has no significant links with the Sustainable Community Strategy.

#### **6.0 RISK ASSESSMENT**

6.1 The Annual Audit Letter is an integral part of the Council's internal control framework and provides assurance to Members that the Council is operating effectively.

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#### **Background Documents**

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

#### **Equality Impact Assessment**

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

#### **Appendix**

Appendix – Annual Audit Letter



# The Annual Audit Letter for West Lancashire Borough Council

Year ended 31 March 2014

15 October 2014

**Karen Murray**

Director

T +44 (0)161 234 6364

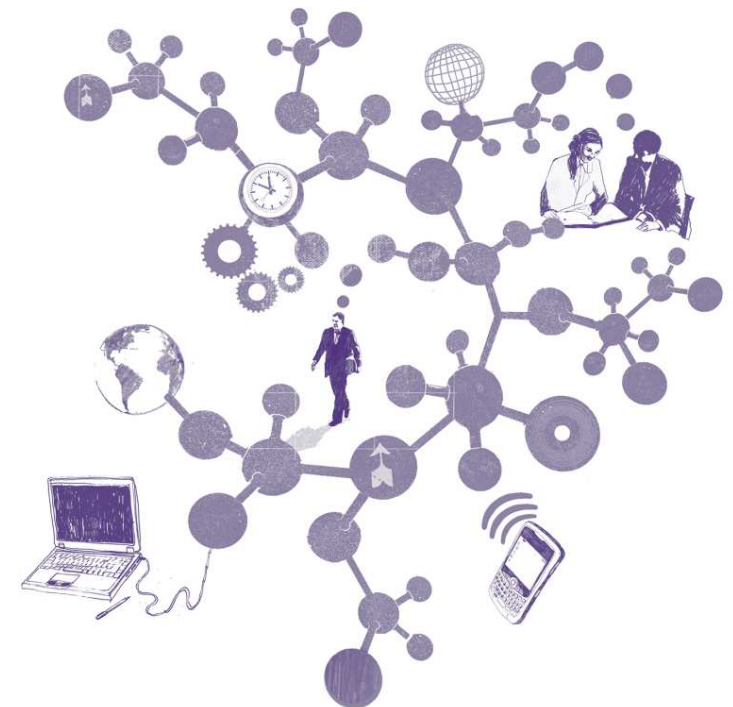
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**Gerard Small**

Manager

T +44 (0)214 6372

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# Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at West Lancashire Borough Council ('the Council') for the year ended 31 March 2014.

The Letter is intended to communicate key messages to the Council and external stakeholders, including members of the public. Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan that we issued 3 March 2014 and was conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

<b>Financial statements audit (including audit opinion)</b>	<p>We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 18 September 2014 to the Audit and Governance Committee. The key messages reported were:</p> <ul style="list-style-type: none"><li>• We anticipated providing an unqualified opinion on the financial statements.</li><li>• We identified no adjustments affecting the Council's reported financial position.</li><li>• The accounts presented for audit were accurate and well presented.</li></ul> <p>We issued an unqualified opinion on the Council's 2013/14 financial statements 25 September 2014, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirms that the financial statements give a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council.</p>
<b>Value for Money (VfM) conclusion</b>	<p>We issued an unqualified VfM conclusion for 2013/14 on 25 September 2014.</p> <p>On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014.</p>

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# Key messages

<b>Whole of Government Accounts</b>	We reviewed the consolidation pack which the Council prepared to support the production of Whole of Government Accounts. We reported that the Council's pack was consistent with the audited financial statements.
<b>Certification of grant claims and returns</b>	We have certified the Pooling of Housing Capital Receipts return without amendment or qualification. Work on the Housing benefits Subsidy Claim is underway and expect to complete this in time for the certification deadline of 30 November.
<b>Audit fee</b>	Our fee for 2013/14 was £74,928, excluding VAT which was in line with our planned fee for the year and represents no change on the previous year. Further detail is included within appendix A.

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# Appendix A: Reports issued and fees

We confirm below the fee charged for the audit and confirm there were no fees for the provision of non audit services.

## Fees

	Per Audit plan £	Actual fees £
Audit Fee*	57,428	58,328
Grant certification fee	17,500	16,600
<b>Total fees</b>	<b>74,928</b>	<b>74,928</b>

\* There is an additional fee of £900 in respect of work on material business rates balances. This additional work was necessary as auditors are no longer required to carry out work to certify NDR3 claims. The additional fee is 50% of the average fee previously charged for NDR3 certifications for district councils and is subject to agreement by the Audit Commission.

The fee for certification work is yet to be confirmed. This is because we were required to do additional testing additional testing to confirm that issues identified in last year's Housing Benefits work have been addressed. At the time of writing this letter, there were still tests to complete.

## Fees for other services

Service	Fees £
None	Nil

## Reports issued

Report	Date issued
Audit Plan	3 March 2014
Audit Findings Report	18 September 2014
Certification report (2013)	8 January 2014
VfM – Financial Resilience Report	August 2014
Annual Audit Letter	15 October 2014



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## **AGENDA ITEM: 6**

**AUDIT AND GOVERNANCE COMMITTEE:**

**27 January 2015**

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**Report of: Borough Treasurer**

**Relevant Managing Director: Managing Director (People and Places)**

**Contact for further information: Marc Taylor (Extn. 5092)  
(E-mail: marc.taylor@westlancs.gov.uk)**

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**SUBJECT: GRANT CERTIFICATION LETTER**

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Wards affected: Borough wide

### **1.0 PURPOSE OF THE REPORT**

- 1.1 To receive details of our External Auditor's findings from their certification of 2013/14 claims and returns.

### **2.0 RECOMMENDATION**

- 2.1 That the findings be considered and that any questions be raised with the Grant Thornton representatives who will be attending the meeting.

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### **3.0 BACKGROUND**

- 3.1 The Council is responsible for compiling grant claims and returns in accordance with the requirements and timescales set by government departments. Our external auditor certified two claims and returns for the financial year 2013/14 relating to expenditure of £32.0m.

## **4.0 FINDINGS**

4.1 Details of the external auditor's findings are included in their letter which is attached as an appendix to this report. Some of the key messages from this letter include:

- There were no issues arising from the certification work that need to be highlighted for the attention of Members
- The Council has appropriate arrangements in place to compile complete, accurate and timely claims and returns for audit certification

4.2 Our external auditors will be attending the meeting and will be able to answer any questions that Members may have on the Letter.

## **5.0 RISK ASSESSMENT**

5.1 The work that our External Auditors undertake is an integral part of the Council's internal control framework and provides assurance to Members that the Council is operating effectively.

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### **Background Documents**

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

### **Equality Impact Assessment**

The decision does not have a direct impact on members of the public, employees, elected members and/or stakeholders. Therefore no equality impact assessment is required.

### **Appendix**

Certification Letter



Our ref KLM/GWS/PAT

Marc Taylor- Borough Treasure  
West Lancashire Borough Council  
52 Derby Street  
Ormskirk  
Lancashire  
L39 2DF

**Grant Thornton UK LLP**  
4 Hardman Square  
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[www.grant-thornton.co.uk](http://www.grant-thornton.co.uk)

18 December 2014

Dear Marc

### **Certification work for West Lancashire Borough Council for year ended 31 March 2014**

We are required to certify certain claims and returns submitted by West Lancashire Borough Council ('the Council'). This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

Arrangements for certification are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency, and issues auditors with a Certification Instruction (CI) for each specific claim or return.

We have certified 2 claims and returns for the financial year 2013/14 relating to expenditure of £32.0 million. Further details of the claims certified are set out in Appendix A.

There are no issues arising from our certification work which we wish to highlight for your attention. We are satisfied that the Council has appropriate arrangements to compile complete, accurate and timely claims and returns for audit certification. We are satisfied that any recommendations raised in previous years have been addressed.

The indicative fee for 2013/14 for the Council is based on the final 2011/12 certification fees, reflecting the amount of work required by the auditor to certify the claims and returns in that year. Fees for schemes no longer requiring certification (such as the national non-domestic rates return) have been removed. The fees for certification of housing benefit subsidy claims have been reduced by 12 per cent, to reflect the removal of council tax benefit from the scheme. The indicative scale fee set by the Audit Commission for the Council for 2013/14, prior to the adjustment for changes to the housing benefit was £17,500 this has been reduced to £15,465. This is set out in more detail in Appendix B.

Yours sincerely

Karen Murray- Director  
For Grant Thornton UK LLP

**Chartered Accountants**

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**Appendix A - Details of claims and returns certified for 2013/14**

<b>Claim or return</b>	<b>Value</b>	<b>Amended?</b>	<b>Amendment (£)</b>	<b>Qualified?</b>	<b>Comments</b>
Housing Benefits Subsidy Claim	£30,060,711	Yes	(£1,706)	Yes	Qualification; misclassification of Rent Allowance overpayments
Pooling of Housing Capital Receipts	£1,969,444	No	N/A	No	

**Appendix B: Fees for 2013/14 certification work**

<b>Claim or return</b>	<b>2012/13 fee (£)</b>	<b>2013/14 indicative fee (£)</b>	<b>2013/14 actual fee (£)</b>	<b>Variance (£)</b>	<b>Explanation for variances</b>
Housing benefits subsidy claim (BEN01)	14,485	16,961	14,926	441	reduction due to removal of council tax benefit from certification requirement offset by follow-up work required on 2012/13 qualification issues
Housing Capital Receipts Return (CFB06)	680	539	539	-141	
National non- domestic rates return (NNDR3)	2,335	N/a	N/a	-2,335	No requirement to certify this return in 2013/14
<b>Total</b>	<b>17,500</b>	<b>17,500</b>	<b>15,465</b>	<b>-2,035</b>	





## **AGENDA ITEM: 7**

**AUDIT AND GOVERNANCE COMMITTEE:**

**27 January 2015**

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**Report of: Borough Treasurer**

**Relevant Managing Director: Managing Director (People and Places)**

**Contact for further information: Mr M.Coysh (Extn. 2603)  
(E-mail: [mike.coysh@westlancs.gov.uk](mailto:mike.coysh@westlancs.gov.uk))**

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**SUBJECT: INTERNAL AUDIT CHARTER**

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Wards affected: Borough wide

### **1.0 PURPOSE OF THE REPORT**

1.1 To consider revisions to the Internal Audit Charter.

### **2.0 RECOMMENDATION**

2.1 That the Internal Audit Charter attached at Appendix 1 be approved to take effect from 1/4/2015.

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### **3.0 ISSUES**

3.1 The Terms of Reference of this Committee include approval of the Internal Audit Charter (the Charter).

3.2 The Charter was revised to ensure consistency with the Public Sector Internal Audit Standards (the Standards) which came into effect from 1/4/2013.

3.3 The Standards require the purpose, authority and responsibility of internal audit to be formally defined in an internal audit charter which must be periodically reviewed by the Audit Manager and presented to senior management and Audit and Governance Committee for approval.

3.4 The existing Charter has been reviewed in the light of current guidance and a revised document with the revisions highlighted by tracked changes is attached as Appendix 1 to this report.

- 3.5 A number of changes have been made to reflect emerging guidance, improve readability or clarify the existing provisions of the Charter. The main changes are as follows:
- A new paragraph setting out the relationship between the Public Sector Internal Audit Standards and the mandatory elements of the Institute of Internal Auditors International Professional Practices Framework including the Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal auditing.
  - The inclusion of the definition of internal auditing.
  - The insertion of a section dealing with the new requirements for an internal audit Quality Assurance and Improvement Programme.
  - The signing of the Charter by the Chairman of Audit and Governance and the Joint Managing Directors to give due weight to its application in practice.
- 3.6 Members are asked to approve the version with the tracked amendments accepted into the document, in readiness for signature by those identified at the end of it.

#### **4.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY**

- 4.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder. The report has no significant links with the Sustainable Community Strategy.

#### **5.0 FINANCIAL AND RESOURCE IMPLICATIONS**

- 5.1 There are no significant financial or resource implications arising from this report as the review of the Charter is included in existing budget provisions.

#### **6.0 RISK ASSESSMENT**

- 6.1 The formal approval and periodic review of the Internal Audit Charter is required by the Public Sector Internal Audit Standards. Approval of the Charter is therefore a key step in ensuring that the Council complies with statutory requirements.

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### **Background Documents**

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

### **Equality Impact Assessment**

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

### **Appendices**

1. INTERNAL AUDIT CHARTER.

# WEST LANCASHIRE BOROUGH COUNCIL

## INTERNAL AUDIT CHARTER

### INTRODUCTION

Internal Audit is an independent review function set up within the Council as a service to the Council and all levels of management. The Head of Internal Audit is responsible for the review of all aspects of risk management and control throughout the Council's activities.

It is an independent, objective assurance function designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Internal audit are governed by the Public Sector Internal Audit Standards which encompass the mandatory elements of the Institute of Internal Auditors International Professional Practices Framework including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing.

The existence of Internal Audit does not diminish the responsibility of management to establish adequate systems of internal control to ensure that activities are conducted in a secure, efficient and well-ordered manner in accordance with the Scheme of Delegation and Financial Regulations.

### INDEPENDENCE AND OBJECTIVITY

Internal Audit is independent of the activities which it audits to enable it to provide the objective and unbiased judgements essential to the impartial advice and assurance it provides to management.

To ensure this, Internal Audit operates in a framework that allows:

- segregation from line operations
- unrestricted access to senior management
- reporting in its own name

The internal audit activity will remain free from interference in matters of audit selection, scope, procedures, frequency, timing or report content.

Internal auditors will have no direct operational responsibility or authority over any of the activities which they audit. Accordingly they will not implement internal controls, develop procedures, install systems, prepare records or engage in any other activity that may impair the auditor's judgement.

Internal Auditors must exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgements.

~~Every effort will be made to preserve its objectivity by ensuring that all auditors are free from any conflicts of interest and do not undertake non-audit duties, with the exception of any exigencies of the service agreed by the Audit Manager.~~

## ROLE AND SCOPE OF INTERNAL AUDIT

The role of Internal Audit is to assess the Council's key risks and evaluate the adequacy and effectiveness of the system of risk management and internal control.

The main functions of Internal Audit are to review, appraise and report on:

- (a) the adequacy and effectiveness of the systems of financial, operational and management control and their operation in practice in relation to the business risks to be addressed;
- (b) the extent of compliance with, relevance of and financial effect of policies, standards, plans and procedures established by the Council and the extent of compliance with external laws and regulations, including reporting requirements of regulatory bodies;
- (c) the extent to which the assets and interests are acquired economically, used efficiently, accounted for and safeguarded from losses of all kinds arising from waste, extravagance, inefficient administration, poor value for money, fraud or other cause and that adequate business continuity plans exist;
- (d) the suitability, accuracy, reliability and integrity of financial and other management information and the means used to identify, measure, ~~class~~ classify and report such information;
- (e) the integrity of processes and systems, including those under development, to ensure that controls offer adequate protection against error, fraud and loss of all kinds; and that the process aligns with the organisation's strategic goals;
- (f) the suitability of the organisation of the units audited for carrying out their functions, and to ensure that services are provided in a way which is economical, efficient and effective;
- (g) the follow-up action taken to remedy weaknesses identified by Internal Audit review, ensuring that good practice is identified and communicated widely;
- (h) the operation of the organisation's corporate governance arrangements;

~~(i)~~ Internal audit also ——— investigate fraud and irregularities in accordance with Council procedures.

Internal Audit, therefore, with strict accountability for confidentiality and safeguarding records and information, is authorised full, free and has unrestricted access to any and all of the authority's ~~activities and unrestricted access to all~~ records, physical property and assets and personnel relevant to any engagement ~~it requires~~.

Internal Audit, through the Audit Manager, where he deems necessary, will have unrestricted access to: The Managing Directors, Members, ~~h~~ individual Chief Officers and all Authority employees and contractors. All employees are requested to assist the internal audit activity in fulfilling its roles and responsibilities.

## INTERNAL AUDIT RESPONSIBILITY



The Audit Manager will be required to manage the provision of a complete Audit Service to the Authority in addition to the investigation of fraud where required. In discharge of this duty, the Audit Manager will:

- prepare a rolling five-year strategic risk-based audit plan in consultation with Heads of Service. This strategic plan will be regarded as flexible rather than as an immutable expression of audit policy,
- translate the strategic plan into annual plans based on the significant risks to which the council is foreseeably exposed for presentation to the Audit and Governance Committee for agreement approval,
- ensure a system of close supervision of audit work, and maintain a review of audit files through the supervisory structure,
- carry out a continuous review of the development and training needs of all Audit Personnel and will arrange, where appropriate, training to maintain a professional audit staff,
- ~~• ensure that all work is carried out in accordance with the relevant professional standards.~~
- prepare, for agreement with the Managing Directors and Borough Treasurer, annual reports on audit activity for presentation to the Audit and Governance Committee.

Internal Audit will liaise with the Council's External Auditors in order to optimise audit coverage from available resources.

Internal Audit may also carry out exercises in conjunction with other bodies such as other Local Authorities, the Police and ~~the Inland Revenue~~HM Revenue & Customs etc.

Internal audit may perform consulting and advisory services related to governance, risk management and control as appropriate at the request of management.

Based on its activity, Internal Audit is responsible for reporting significant risk exposures and control issues identified to senior management and in summary to Audit and Governance Committee, including fraud risks, governance issues and other matters considered relevant by the Audit Manager.

## **AUDIT REPORTING**

Internal audit reports regularly to management on the results of audit work which provides them with regular assessments of the adequacy and effectiveness of their systems of risk management and internal control.

All Internal Audit Reports will normally be treated as confidential unless alternative arrangements have been expressly made with the management concerned except as follows: The Audit Manager reserves the right to copy reports to the Managing Directors, the Section 151 Officer, the Monitoring Officer, the Audit & Governance Committee, the Authority's External Auditors or other appropriate external agencies as he deems appropriate.

Internal audit regularly reports the results of its work to the Audit and Governance Committee which is a subcommittee of the Council in relation to:

regular assessments of the adequacy and effectiveness of the Council's systems of risk management and internal control based on the work of internal audit

progress against the annual Internal Audit Plan

the adequacy of its resources for maintaining adequate audit coverage in accordance with statute.

The internal audit report may include management's response and corrective action taken or to be taken in regard to specific findings and recommendations. The internal audit activity will be responsible for appropriate follow-up on engagement findings and recommendations. All significant findings will remain open until cleared.

#### **QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME.**

The internal audit activity will maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. The programme will include an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the International Standards and an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

The Audit Manager is also responsible for providing a self-assessment on the internal audit activity periodically as regards its consistency with the Audit Charter and performance relative to its plan.

In addition the Audit Manager will communicate to senior management and Audit and Governance Committee on the internal audit activity's quality assurance and improvement programme, including results of ongoing internal assessments and external assessments (to be conducted at least every five years)

Signed by:

Audit Manager  
Joint Managing Directors  
Chairman of the Audit Committee

#### **RELATED DOCUMENTS**

This document is one of a series that, together, constitute the policies of the Authority in relation to anti-fraud, bribery and corruption. The other documents include:

Anti-Fraud, Bribery and Corruption Policy

Whistleblowing PolicyCode

Anti-Money Laundering Policy

Officers Code of Conduct

Disciplinary Procedures





## **AGENDA ITEM: 8**

**AUDIT AND GOVERNANCE COMMITTEE:**

**27 January 2015**

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**Report of: Borough Treasurer**

**Relevant Managing Director: Managing Director (People and Places)**

**Contact for further information: Mr M.Coysh (Extn. 2603)  
(E-mail: [mike.coysh@westlancs.gov.uk](mailto:mike.coysh@westlancs.gov.uk))**

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**SUBJECT: INTERNAL AUDIT ACTIVITIES – QUARTERLY UPDATE**

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Wards affected: Borough wide

### **1.0 PURPOSE OF THE REPORT**

1.1 To advise of progress against the 2014/15 Internal Audit Plan.

### **2.0 RECOMMENDATION**

2.1 That Members note progress in the year to date.

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### **3.0 BACKGROUND**

3.1 Members approved the 2014/15 Internal Audit Plan in March. The Internal Audit Manager brings written reports to each meeting of this Committee to update on progress against the plan.

3.2 This report covers activity against the plan up until late December. The work contained in this report will inform the overall opinion in the Internal Audit Annual Report issued at the year-end.

### **4.0 INTERNAL AUDIT ACTIVITY TO DATE**

4.1 A report summarising progress to date and any significant issues arising is attached and the Internal Audit Manager will attend the meeting to address any questions Members may have.

4.2 Progress against the plan to date is satisfactory with 69% of audits in progress compared to 69% for the same period in the previous year.

## **5.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY**

5.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder. The report has no significant links with the Sustainable Community Strategy.

## **6.0 FINANCIAL AND RESOURCE IMPLICATIONS**

6.1 All the activity referred to in this report is covered by existing budget provisions.

## **7.0 RISK ASSESSMENT**

7.1 This report summarises progress against Internal Audit's work programme to date. Internal Audit's work is a key source of assurance to this Committee that risks to the Council's objectives are being properly managed.

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### **Background Documents**

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

### **Equality Impact Assessment**

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

### **Appendices**

1. INTERNAL AUDIT QUARTERLY ACTIVITY UPDATE.

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## INTERNAL AUDIT QUARTERLY UPDATE

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### 1.0 Summary of progress

- 1.1 Due to publication requirements this report is compiled in late December and the Audit Manager will update members verbally on progress as at the date of the meeting.
- 1.2 18 of the 26 items on the original plan are currently in progress. This is approximately 69% and compares with 69% for the same period in 2013/14.

### 2.0 Assurance rating system

- 2.1 This quarterly report records the level of assurance provided by internal audit work. The following categories are used to record the level of assurance.

**Full assurance:**

there is a sound system of internal control designed to secure objectives and controls are being consistently applied.

**Substantial assurance:**

there is a generally sound system of internal control in place designed to secure objectives and controls are generally being applied consistently. Some weaknesses in the design or operation of the controls put the achievement of particular objectives at risk.

**Limited assurance:**

weaknesses in design or inconsistent application of controls put the achievement of objectives at risk.

**No assurance:**

weak controls or significant non-compliance with controls could result (or have resulted) in failure to achieve objectives.

- 2.2 No system of internal control can eliminate every possible risk and increasing the level of control in a system frequently increases costs. Balancing risk appropriately against the costs of control is management's responsibility.
- 2.3 Internal audit's role is to evaluate and improve the effectiveness of risk management and control processes.
- 2.4 It is important to recognise that the scope of the work and the area examined define the limits of the assurance and for this reason some context will be provided for each piece of work in the form of a summary reports as set out below

### 3.0 Matters arising from internal audit work

#### 3.1 Previously reported:

AUDIT	Assurance
<b>LCC / BTLS CONTRACT PERFORMANCE MONITORING</b>	<b>Substantial</b> assurance that the service objectives for performance monitoring of LCC/BTLS activity will be met by the systems in place.

#### 3.2 Summary assurance reports:

##### 3.3.0 INDIVIDUAL ELECTORAL REGISTRATION

The implementation of the move to individual electoral registration and online registration.

##### 3.3.1 OBJECTIVES

- To evaluate the implementation plan commissioned to support the move to individual electoral registration (IER) and progress against it.
- To evaluate the system commissioned to integrate the move to online voter registration.

##### 3.3.2 OBSERVATIONS

- The section was found to have followed the Electoral Commission guidance for the implementation of IER and to have robust procedures in place resulting in the publication of the new Register by the required deadline.

##### 3.3.3 ASSURANCE

- This Internal audit work provides **substantial** assurance that the implementation of individual electoral registration and online registration is progressing towards a satisfactory conclusion.



### 3.4.0 NATIONAL NON DOMESTIC RATES

Procedures and systems associated with the administration of National Non Domestic Rates (NNDR)

#### 3.4.1 OBJECTIVES

- Examine the implementation of changes to NNDR rules including the 12 month instalment option, new build unoccupied exemptions, small turnover retail premises discounts and occupy empty retail property discounts.
- Undertake testing on a sample of accounts to ensure:
  - liability is calculated correctly
  - refunds have been authorised appropriately
  - appropriate recovery action has been undertaken where relevant
  - reliefs, discounts and exemptions have been correctly applied
  - the incidence of 'MIS' entries has reduced since the last audit.
- Review the position in relation to reconciliations between the NNDR system and the general ledger (GL).

#### 3.4.2 OBSERVATIONS

- Legislative changes have been incorporated successfully into NNDR systems.
- Testing of accounts demonstrated a high level of compliance with the scheme for the administration of individual accounts including calculation of liabilities, application of refunds, reliefs, exemptions and discounts.
- Reconciliations between the NNDR system and GL are not being completed

#### 3.4.3 ASSURANCE

- This Internal audit work provides **Substantial** assurance that the service objectives for administration of National Non Domestic Rates (NNDR) are being met but the significant issue of the failure to carry out regular reconciliations between the NNDR system and General Ledger has not been resolved. (See elsewhere in in this update)

### 3.5.0 CCTV

Systems and procedures relating to the operation of WLBC's CCTV system.

#### 3.5.1 OBJECTIVES

- To document the scope of the scheme in terms of:
  - The number and location of cameras.
  - The budget for maintenance and monitoring.
- To evaluate arrangements in place to ensure that operation of the monitoring system and access to CCTV footage comply with statutory requirements and best practice.
- To examine the evidence base supporting the latest phase of expansion of the scheme and establish plans for the future sustainability of the scheme.

#### 3.5.2 OBSERVATIONS

- The Council operates 95 cameras located across the borough. Funding has been approved for the expansion of the scheme, which includes the provision of a further 7 cameras. Adequate records were retained in respect of the consultation process for the planned expansion of the CCTV Scheme and rationale for the proposed locations. Day-to-day CCTV monitoring is carried out on behalf of the Council by Enigma Security Solutions and the contract runs until 2018.
- The operation of CCTV schemes is governed by legislation, primarily the Data Protection Act 1998 and takes account of the Surveillance Camera Code of Practice, a guidance document providing advice on best practice.
- Detailed procedures are documented in respect of day-to-day operation of the CCTV Suite. Adequate records are maintained and documented protocols are in place for police access to CCTV images.
- The Council's own CCTV Code of Practice was withdrawn pending review as the audit identified that it required updating to reflect current circumstances at WLBC and best practice advocated by the Office of the Surveillance Commissioners.
- It is generally accepted that cameras and transmission equipment that are exposed to the elements, especially those containing mechanical parts, have a lifespan of about 7 years.
- The Authority entered into a contract for the maintenance of the existing CCTV system with ATEC Security in October 2014. The contract runs for 3 years, with an option to extend the arrangement for

a further 2 years. The 7 new cameras will be covered by a 12 month defects liability warranty, after which time they will be incorporated into the existing maintenance contract at a slightly increased cost.

- The medium-term sustainability of the scheme in terms of maintenance and operational capability is therefore considered relatively secure.
- No commitment has been made to funding CCTV activity beyond the expected lifespan of the current equipment, an issue that will need to be considered before the end of the current maintenance contract.

### 3.5.3 ASSURANCE

- This Internal audit work provides **substantial** assurance that Systems and procedures in place control risks to the operation of WLBC's CCTV system effectively.

## 4.0 Action Points Outstanding From Previous Updates

### 4.1 Revenues and Benefits reconciliations

It has previously been reported that reconciliations of NNDR and Council Tax to the General Ledger were no longer taking place following the implementation of the Northgate revenues system. Internal audit identified reconciliations as a key control and recommended that robust reconciliation procedures should be reintroduced. These were to be reviewed as part of 2014/15 audit work but although reconciliations have been produced and were effective for the 2013/14 closure of accounts, further difficulties have emerged and the required reconciliations have not been produced on a regular ongoing basis.

Discussions have subsequently taken place between BTLS' Director of Revenues and Benefits and the Borough Treasurer to find a solution to this issue. It has been agreed that officers from BTLS and WLBC will carry out a joint investigation of the technical issues giving rise to difficulties in reconciling the two systems and will then put in place a timed action plan to address them with a view to BTLS reintroducing robust reconciliation procedures by the end of March 2015.

### 4.2 Benefits processing

Both internal audit work and external audit's grant certification work in 2012/13 identified an increased volume of errors in benefit processing. In March 2014 BTLS's Director of Revenues and Benefits attended this Committee to report on proposals to improve performance in this area.

Internal audit work and external audit grant certification work for 2013/14 both disclosed improvements in the accuracy of benefit processing. External audit's grant certification work is reported elsewhere on this agenda and internal audit's 2014/15 benefit work will be reported to this Committee in due course.

## 5.0 Internal Audit Third Quarter Activity Update

Title	Position
Benefits	Work in progress
Contract Audit	Work in progress
Performance Monitoring System (BTLS)	Work complete
Community Safety (CCTV)	Work complete
National Fraud Initiative	Work in progress
Home Care Link	Work in progress
Council Tax	Work in progress
Debtors	Work in progress
NNDR	Work complete
Creditors	Work in progress
Transport	Work in progress
Main accounting	Work in progress
Electoral registration	Work complete
Business continuity	Work in progress
Payroll	Work in progress
Bacs	Work in progress
ICON cash receipting	Work in progress
Anti-Fraud Arrangements	Work in progress

Summary	
Work complete	4
Work in progress	14
Work not yet commenced	8
<b>Total</b>	<b>26</b>

## 6.0 Conclusion

Progress against the 2014/15 plan to date has been satisfactory and it is anticipated that internal audit coverage will be maintained at levels which will enable an adequate assessment of the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.



## **AGENDA ITEM: 9**

**AUDIT AND GOVERNANCE COMMITTEE:**

**27 January 2015**

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**Report of: Borough Treasurer**

**Relevant Managing Director: Managing Director (People and Places)**

**Contact for further information: Mr M.Coysh (Extn. 2603)  
(E-mail: [mike.coysh@westlancs.gov.uk](mailto:mike.coysh@westlancs.gov.uk))**

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**SUBJECT: EXTERNAL REVIEW OF INTERNAL AUDIT**

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Wards affected: Borough wide

### **1.0 PURPOSE OF THE REPORT**

1.1 To seek Members' views on the commissioning of an external review of internal audit.

### **2.0 RECOMMENDATION**

2.1 That consideration be given to the means of securing the external review and whether any commitment in principle to the Lancashire Districts peer review process should be made at this time.

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### **3.0 BACKGROUND**

3.1 The Public Sector Internal Audit Standards (the Standards) require the Audit Manager to have in place a Quality Assurance and Improvement Programme (QAIP). This programme must include provision for the evaluation of internal audit's compliance with the Definition of Internal Auditing, the Standards and the Code of Ethics.

3.2 The Standards require regular in-house evaluation with an external assessment by a suitably qualified assessor from outside the organisation every five years. The standards came into force in 2013 so the first external review will need to have been completed by 31/3/2018 at the latest. There is no pressing need to complete an external review at this time although it would be prudent to have completed it well in advance of the deadline.

- 3.3 Three possible routes to satisfy the requirements of the PSIAS have been identified to date.
- Review by the Chartered Institute of Internal Auditors UK. (CIIA)
  - Review by peer group.
  - Review by a commercial provider of accountancy and audit services.
- 3.4 As external review was a new requirement for local government there were no pre-existing providers of “off the shelf” public sector external assessments and as few authorities have undergone external assessment as yet there is no track record of reviews for comparison purposes.
- 3.5 Review by the CIIA would satisfy all the requirements of the Standards. The review would be demonstrably independent and avoid any obvious sources of conflict of interests. Costs for this option are not known at this time.
- 3.6 Review by peer group could satisfy all of the requirements of the Standards. While this process would meet the criteria for independence it may be harder to dispel any perception of this. Proper specification of the review will avoid any conflict of interests. While costs are not known at this time this is likely to have the lowest direct financial costs but the time overhead could be greater than with other methods.
- 3.7 Review by a commercial provider of accountancy services could satisfy all the requirements of the Standards. With due care in selecting a provider the independence requirement can be met and with proper specification of the review any conflicts of interest avoided. Costs for this option are not known at this time.
- 3.8 It was intended to research options thoroughly during 2015 as the market for these services matured, report the options to this Committee make any necessary budget provision and commission the review in 2016 for completion by mid 2017.

#### **4.0 CURRENT DEVELOPMENTS**

- 4.1 Meetings of the Lancashire District Councils Audit Group (LDCAG) have discussed the new requirement for external review on a number of occasions. The group considered the merits of setting up a peer review process for Lancashire Authorities and a sub group was set up to explore the feasibility of this approach.
- 4.2 The sub group reported back to the last meeting of the LDCAG outlining a peer review process which could meet the requirement based on a tripartite arrangement whereby no authority would assess those responsible for their own review.
- 4.3 The development of such a proposal beyond this outline stage would require a commitment of resources by group members and at the last LDCAG meeting it was decided that “.....before this can be taken forward each authority needs to clarify if they are interested in being involved in tri partite reviews. This will require agreement from senior management and audit committees before an

approach as to how to conduct the peer review can be developed. Members of the group are to report back to the sub-group by January 2015 following their next audit committee meeting confirming whether they wish to participate.”

## **5.0 CONCLUSIONS**

- 5.1 There are a number of organisations capable of providing this assessment but at this stage there is little concrete information to put before Committee
- 5.2 LDCAG are considering commissioning a peer review process. They have identified a need to clarify likely uptake before committing resources to developing the approach further.
- 5.3 It is appropriate to afford members the opportunity to consider this external assessment route while there is an opportunity to secure involvement.

## **6.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY**

- 6.1 There are no significant sustainability impacts associated with this report and, in particular, no significant impact on crime and disorder. The report has no significant links with the Sustainable Community Strategy.

## **7.0 FINANCIAL AND RESOURCE IMPLICATIONS**

- 7.1 There are no significant financial or resource implications arising from this report at this time. Commissioning of an external assessment may require a suitable budget provision in due course.

## **8.0 RISK ASSESSMENT**

- 8.1 A review of Internal Audit in accordance with the Public Sector Internal Audit Standards is required to ensure that the Council complies with statutory requirements. This must have been completed by 31/3/2018

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### **Background Documents**

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

### **Equality Impact Assessment**

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.







## **AGENDA ITEM: 10**

**AUDIT AND GOVERNANCE COMMITTEE:  
27th January 2015**

**CABINET:  
17th March 2015**

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**Report of: Borough Treasurer**

**Relevant Managing Director: Managing Director (People and Places)**

**Relevant Portfolio Holder: Councillor D Whittington**

**Contact for further information: Marc Taylor (Extn. 5092)  
(E-mail: [marc.taylor@westlancs.gov.uk](mailto:marc.taylor@westlancs.gov.uk))**

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### **SUBJECT: REVIEW OF ANTI-MONEY LAUNDERING POLICY**

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Wards affected: Borough wide

#### **1.0 PURPOSE OF THE REPORT**

1.1 To set out the results of a review of the Council's Anti-Money Laundering Policy and Guidance and Procedure Notes.

#### **2.0 RECOMMENDATION TO AUDIT AND GOVERNANCE COMMITTEE**

2.1 That the updated Anti-Money Laundering Policy and Guidance and Procedure Notes, as set out in Appendix 1 and 2 to this report, be endorsed.

#### **3.0 RECOMMENDATION TO CABINET**

3.1 That the updated Anti-Money Laundering Policy and Guidance and Procedure Notes, as set out in Appendix 1 and 2 to this report, be approved.

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#### **4.0 BACKGROUND**

4.1 The Council has had an Anti-Money Laundering Policy in place since 2005 following the enactment of the Money Laundering Regulations 2003 which made public authorities more accountable for monitoring and detecting money laundering activities.

- 3.2 The Policy has continued to be reviewed since its inception to ensure compliance with best practice and legislation and to ensure it is still fit for purpose.

## **5.0 THE UPDATED POLICY**

- 5.1 Through research and dialogue with the Council's Legal section it has been established that the Policy is still in line with legislation and best practice.
- 5.2 The documents have, however, been updated with the correct terminology following the change from the Serious Organised Crime agency (SOCA) to the National Crime Agency (NCA). References to 'tipping off' have also been removed from the documents as it is no longer classed as an offence under the 2007 regulations so is no longer relevant. A number of other minor amendments have also been made to improve the readability and drafting of the policy and guidance. Tracked changes versions of the proposed new documents are included in the appendices.

## **6.0 CURRENT POSITION**

- 6.1 The Money Laundering Reporting Officer arrangements work effectively and this Officer – the Internal Audit Manager – along with his Deputy in the Borough Solicitor's Office are kept abreast of all current developments in money laundering and are, of course, the first officers to be made aware of any suspicious activities.
- 6.2 Due to the nature of the services provided by the Council, instances of suspected money laundering are unlikely to arise, but there is a need to maintain the profile of this issue. Consequently, the Policy and Guidance Notes will be re-circulated to all staff following committee approval and further training and advice offered where required.

## **7.0 BEST PRACTICE AND GUIDANCE**

- 7.1 The Council's money laundering documentation take account of the guidance set out in the CIPFA best practice document 'Combating Financial Crime: Further guidance on anti-money laundering for public services organisations 2009'.

## **8.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY**

- 8.1 There are no significant sustainability implications associated with this report and the report has no significant links with the Sustainability Community Strategy

## **9.0 FINANCIAL AND RESOURCE IMPLICATIONS**

- 9.1 The operation of the money laundering framework will be accommodated within existing resources.

## **10.0 RISK ASSESSMENT**

- 10.1 Legislation requires that the Council has adequate procedures in place for the reporting of suspected money laundering activities. Failure to do so would be in breach of this legislation and lack of knowledge in this area could lead staff to inadvertently committing offences. Both would jeopardise the good reputation of the Council.
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### **Background Documents**

CIPFA 'Combating financial crime: Further guidance on anti-money laundering for public services organisations 2009'

### **Equality Impact Assessment**

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

### **Appendices**

Appendix 1 – Anti-Money Laundering Policy

Appendix 2 – Anti-Money Laundering Guidance and Procedures



## WEST LANCASHIRE BOROUGH COUNCIL

### ANTI-MONEY LAUNDERING POLICY

#### **1.0 INTRODUCTION**

1.1 The Proceeds of Crime 2002 Act, the Terrorist Act 2000 and the Money Laundering Regulations 2007 broadly define money laundering and the range of activities covered by the statutory framework. Obligations impact on certain areas of local authority business and require local authorities to establish internal procedures to prevent the use of their services for money laundering. It is, therefore, good practice to have a robust Policy in place and promote staff awareness of potential money laundering activity.

#### **2.0 SCOPE OF THE POLICY**

2.1 This Policy applies to all employees of the Council and aims to maintain the high standards of conduct which currently exist within the Council by preventing criminal activity through money laundering. The Policy sets out the procedures that must be followed (for example the reporting of suspicions of money laundering activity) to enable the Council and its officers to comply with their legal obligations.

2.2 Further information is set out in the accompanying Anti-Money Laundering Guidance Note and Procedures. Both sit alongside the Council's Whistleblowing Code and Anti-Fraud, Bribery and Corruption Policy.

2.3 Failure by a member of staff to comply with the procedures set out in this Policy may ~~lead to~~ **result in** disciplinary action. ~~being taken against them.~~ Any disciplinary action will be dealt with in accordance with the Council's Disciplinary Policy and Procedure. It should also be noted that in certain instances officers might themselves become criminally liable for breach of the 2000 Act, 2002 Act and the 2007 Regulations.

#### **3.0 WHAT IS MONEY LAUNDERING?**

3.1 These are the primary money laundering offences and thus prohibited acts under the law:

- concealing, disguising, converting, transferring criminal property or removing it from the UK; or
- entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person; or
- acquiring, using or possessing criminal property; or
- becoming concerned in an arrangement facilitating concealment, removal from the jurisdiction, transfer to nominees or any other retention or control of terrorist property.

3.2 Potentially any member of staff could be caught by the money laundering provisions if they suspect money laundering and either become involved with it in some way and/or do nothing about it. The Guidance Note and Procedures document gives practical examples. This Policy sets out how any concerns should be raised.

~~3.3 Whilst the risk to the Council of contravening the legislation is low, **it is important that all employees are familiar with the legal responsibilities: serious criminal sanctions can be imposed for breaches of the legislation.**~~

#### **4.0 WHAT ARE THE OBLIGATIONS ON THE COUNCIL?**

4.1 The law requires those organisations in the 'regulated sector' and conducting 'relevant business' to

- appoint a Money Laundering Reporting Officer ("MLRO") to receive disclosures from employees of money laundering activity (their own or anyone else's);
- implement a procedure to enable the reporting of suspicions of money laundering;
- maintain client identification and record keeping procedures.

4.2 It is considered that the Council does not fall within the regulated sector nor does it conduct relevant business. However it is good practice, and will aid the Council's compliance with the wider requirements of the relevant legislation if it adopts policies and procedures which are in line with the requirements identified in the bullet points above.

4.3 All staff are required to comply with the reporting procedure set out in section 6 below to ensure consistency throughout the organisation and avoid inadvertent offences being committed.

4.4 The following sections of this Policy provide further detail about the requirements listed in paragraph 4.1 to the extent that they are relevant to the Council.

#### **5.0 THE MONEY LAUNDERING REPORTING OFFICER**

5.1 The officer nominated to receive disclosures about money laundering activity within the Council is the Internal Audit Manager, Mike Coysh (MLRO) (i). He can be contacted as follows:

Mike Coysh  
Internal Audit Manager  
52 Derby Street  
Ormskirk  
[L39 2DF](#)

Telephone: 01695 712603 (internal 2603)

5.2 In the absence of the MLRO, the Assistant Solicitor, Michael Hynes, is authorised to deputise for him. He can be contacted at the 52 Derby Street offices address or on extension 5522.

(i) Note, this is not a formal appointment under section 337 or 338 of the 2002 Act

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## 6.0 DISCLOSURE PROCEDURE

### Reporting to the Money Laundering Reporting Officer

6.1 Where you know or suspect that money laundering activity is taking/has taken place, or become concerned that your involvement in a matter may amount to a prohibited act under the legislation, you must disclose this as soon as practicable to the MLRO. The disclosure should be within "hours" of the information coming to your attention, not weeks or months later. ~~Whilst failure to disclose is no longer an offence for public authorities under the 2007 regulations, it is in your best interest and the interests of the Council to do so.~~

6.2 Your disclosure should be made to the MLRO using the proforma report set out in the Guidance Notes and Procedures. The report must include as much detail as possible, for example:

- ~~Full details of the~~ As much detail as known about the people involved ~~(including yourself, if relevant)~~, e.g. name, date of birth, address, company names, directorships, phone numbers, etc;
- Full details of the nature of their/your involvement;
  - If you are concerned that your involvement in the transaction would amount to a prohibited act under the Proceeds of crime Act, then your report must include all relevant details, as you will need consent from the ~~Serious Organised Crime Agency (SOCA)~~ National Crime Agency (NCA), via the MLRO, to take any further part in the transaction - this is the case even if the client gives instructions for the matter to proceed before such consent is given.
  - You should therefore make it clear in the report if such consent is required and clarify whether there are any deadlines for giving such consent, e.g. a completion date or court deadline;
- The types of money laundering activity involved:
  - if possible, cite the section number(s) under which the report is being made
- The dates of such activities, including:
  - Whether the transactions have happened, are ongoing or are imminent;  
Where they took place;  
How they were undertaken;  
The (likely) amount of money/assets involved;  
Why, exactly, you are suspicious – SOCA NCA will require full reasons;

along with any other available information to enable the MLRO to make a sound judgement as to whether there are reasonable grounds for knowledge or suspicion of money laundering and to enable him to prepare his report to SOGANCA, where appropriate. You should also enclose copies of any relevant supporting documentation.

6.3 Once you have reported the matter to the MLRO you must follow any directions he may give you. **You must NOT make any further enquiries into the matter yourself:** any necessary investigation will be undertaken by SOGANCA. Simply report your suspicions to the MLRO who will refer the matter on to SOCA NCA if appropriate. All members of staff

will be required to co-operate with the MLRO and the authorities during any subsequent money laundering investigation.

- 6.4 Similarly, **at no time and under no circumstances should you voice any suspicions** to the person(s) whom you suspect of money laundering, even if SOCA-NCA has given consent to a particular transaction proceeding, without the specific consent of the MLRO. ~~'Tipping off' is no longer an offence under the 2007 regulations for public authorities, however to do so may jeopardise the investigation~~
- 6.5 Do not, therefore, make any reference on a client file to a report having been made to the MLRO – should the client exercise their right to see the file, then such a note will obviously tip them off to the report having been made. The MLRO will keep the appropriate records in a confidential manner.

#### **Consideration of the disclosure by the Money Laundering Reporting Officer**

- 6.6 Upon receipt of a disclosure report, the MLRO must note the date of receipt on his section of the report and acknowledge receipt of it. He should also advise you of the timescale within which he expects to respond to you.
- 6.7 The MLRO will consider the report and any other available internal information he thinks relevant e.g.:
- reviewing other transaction patterns and volumes;
  - the length of any business relationship involved;
  - the number of any one-off transactions and linked one-off transactions;
  - any identification evidence held;
- and undertake such other reasonable enquiries he thinks appropriate in order to ensure that all available information is taken into account in deciding whether a report to SOCA NCA is required (such enquiries being made in such a way as to avoid any appearance of tipping off those involved). The MLRO may also need to discuss the report with you.
- 6.8 Once the MLRO has evaluated the disclosure report and any other relevant information, he must make a timely determination as to whether:
- there is actual or suspected money laundering taking place; or
  - there are reasonable grounds to know or suspect that is the case; and
  - whether he needs to seek consent from SOCA-NCA for a particular transaction to proceed.
- 6.9 Where the MLRO does so conclude, then he must disclose the matter as soon as practicable to SOCA-NCA on their standard report form and in the prescribed manner, unless he has a reasonable excuse for non-disclosure to SOCA-NCA (for example, if you are a lawyer and you wish to claim legal professional privilege for not disclosing the information).
- 6.9.1 Where the MLRO suspects money laundering but has a reasonable excuse for non-disclosure, then he must note the report accordingly; he can then immediately give his consent for any ongoing or imminent transactions to proceed.
- 6.9.2 In cases where legal professional privilege may apply, the MLRO must liaise with the legal adviser to decide whether there is a reasonable excuse for not reporting the matter to SOCA-NCA.



6.9.3 Where consent is required from the ~~NCIS-NCA~~ for a transaction to proceed, then the transaction(s) in question must not be undertaken or completed until ~~SOCA-NCA~~ has specifically given consent, or there is deemed consent through the expiration of the relevant time limits without objection from ~~SOGANCA~~.

6.10 Where the MLRO concludes that there are no reasonable grounds to suspect money laundering then he shall mark the report accordingly and give his consent for any ongoing or imminent transaction(s) to proceed.

6.11 All disclosure reports referred to the MLRO and reports made by him to ~~SOCA-NCA~~ must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years.

## **7.0 CLIENT IDENTIFICATION PROCEDURE**

7.1 The client identification procedure – putting in place formal procedures for evidencing the identity of those they do business with under the 2007 regulations - is only required, under the regulations, by those engaging in specific areas of Council activity. It is essential, however, for all staff to ensure they are constantly alert to potentially suspicious circumstances, for example, situations where funds flow through the Council from a source with which it is unfamiliar.

7.2 In particular, if the Council is forming a new business relationship, and/or is considering undertaking a significant one-off transaction, officers must ensure that their own service procedures satisfy the requirements of the Client Identification Procedure before any business is undertaken for that client. This will be especially true if the parties concerned are not physically present for identification purposes and to situations where they may be acting for absent third parties. Satisfactory evidence of the identity of the prospective client should be obtained beforehand. For advice on appropriate and acceptable identification documents and any record keeping requirements, contact the MLRO.

## **8.0 CONCLUSION**

8.1 The legislative requirements concerning anti-money laundering procedures are lengthy and complex. This Policy has been written so as to enable the Council to meet the legal requirements in a way which is proportionate to the very low risk to the Council of contravening the legislation.

8.2 Should you have any concerns whatsoever regarding any transactions then you should contact the MLRO.

***Resources used in connection with the preparation of the Anti-Money Laundering Policy and Guidance Note (and helpful reference points):***

[www.moneylaunderingreporting.co.uk](http://www.moneylaunderingreporting.co.uk)

[www.nationalcrimeagency.gov.uk](http://www.nationalcrimeagency.gov.uk)<http://www.soca.gov.uk/>

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[www.anti-moneylaundering.org](http://www.anti-moneylaundering.org)

[www.theclc.gov.uk](http://www.theclc.gov.uk)

[www.fowles.co.uk/MoneyLaundering.htm](http://www.fowles.co.uk/MoneyLaundering.htm)

[www.hardwickecrime.co.uk/access/resources/articles/03031201](http://www.hardwickecrime.co.uk/access/resources/articles/03031201)

*The Financial Services' Authority Handbook*

*The Law Society "Money Laundering: Guidance for Solicitors (Pilot – January 2004)"*

*"The Money Laundering Regulations" by Charles Ward (The Legal Executive Journal)*

*"I Spy" by Jon Robins (The Lawyer magazine)*

*"Secret Disservice" by Peter Caldwell (The Lawyer magazine 8.3.04)*

*"Property lawyers – are you ready?" by Vanessa France & Jonathan Mills (The Young Solicitors Group Mar/Apr 04)*

~~*GIPFA's Combating financial crime. Further guidance on Anti-money laundering for Public Services Organisations 2009*~~

## WEST LANCASHIRE BOROUGH COUNCIL

### GUIDANCE NOTE & PROCEDURES

#### RE THE ANTI-MONEY LAUNDERING POLICY

#### INTRODUCTION

Historically, legislation seeking to prevent the laundering of the proceeds of criminal activity was aimed at professionals in the financial and investment sector, however it was subsequently recognised that those involved in criminal conduct were able to “clean” the proceeds of crime through a wider range of businesses and professional activities.

New obligations in respect of money laundering were therefore imposed by the Proceeds of Crime 2002 Act, the Terrorist Act 2000 and the Money Laundering Regulations 2003, which were replaced by the Money Laundering Regulations 2007. These broadly define money laundering and the range of activities covered by the statutory control framework, in particular the duty to report suspicions of money laundering.

As a result, certain areas of the Council’s business are subject to the legislative controls and the Council is required to establish guidance and procedures designed to prevent the use of its services for money laundering. All staff should be aware of the content.

The Policy and this Guidance Note and Procedures document will be sufficient for most staff in providing detail on the legal requirements and practical help, however, for staff in areas which have a higher risk of being exposed to money laundering activities, additional training ~~will~~can be provided.

**All** members of staff are required to comply with the Council’s Anti-Money Laundering Policy in terms of reporting concerns re money laundering; this will ensure consistency throughout the Council and avoid inadvertent offences being committed.

#### THE OFFENCES

Under the legislation there are two main types of offences which may be committed: money laundering offences and failure to report money laundering offences.

Money laundering now goes beyond the transformation of the proceeds of crime into apparently legitimate money/assets: it now covers a range of activities (which do not necessarily need to involve money or laundering) regarding the proceeds of crime. It is technically defined as any act constituting:

- an offence under the 2002 Act i.e.:
  - concealing, disguising, converting, transferring criminal property (i) or removing it from the UK; or
  - entering into or becoming concerned in an arrangement which a person knows or suspects facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person; or

- acquiring, using or possessing criminal property (unless there was adequate consideration);
  - an attempt, conspiracy or incitement to commit such an offence; or
  - aiding, abetting, counselling or procuring such an offence; and
- an offence under the Terrorist Act 2000, namely becoming concerned in an arrangement facilitating concealment, removal from the jurisdiction, transfer to nominees or any other retention or control of terrorist property (ii).

Note also that any attempt, conspiracy or incitement to commit any of the offences noted above; or aiding, abetting, counselling or procuring such offences will also be the subject of a criminal sanction.

It is likely that the law will treat you as knowing that which you do know or which is obvious, or which an honest and reasonable person would have known given the circumstances and the information you have. Consequently if you deliberately shut your mind to the obvious, this will not absolve you of your responsibilities under the legislation.

Although you do not need to have actual evidence that money laundering is taking place, mere speculation or gossip is unlikely to be sufficient to give rise to knowledge or suspicion that it is.

The legislation goes beyond major drug money laundering operations, terrorism and serious crime to cover the proceeds of potentially any crime, no matter how minor and irrespective of the size of the benefit gained.

The broad definition of money laundering means that potentially anybody (and therefore any Council employee, irrespective of what sort of Council business they are undertaking) could contravene the money laundering offences if they become aware of, or suspect the existence of criminal or terrorist property, and continue to be involved in the matter without reporting their concerns.

The money laundering regime is far reaching and does not just relate to the activities of organised crime, offences under POCA could also apply to being complicit in crimes relating to falsification of benefit claims, benefiting from non-compliance of conditions attached to a grant and facilitating employment upon which tax is not paid.

The Council has appointed the Audit Manager, Mike Coysh, as its Money Laundering Reporting Officer (MLRO) to receive reports from employees of suspected money laundering activity (iii).

(i) "criminal property" is widely defined: it is property representing a person's benefit from criminal conduct where you know or suspect that that is the case. It includes all property (situated in the UK or abroad) real or personal, including money, and also includes an interest in land or a right in relation to property other than land.

(ii) "terrorist property" means money or other property which is likely to be used for the purposes of terrorism, proceeds of the commission of acts of terrorism, and acts carried out for the purposes of terrorism.

(iii) Note, this is not a formal appointment under section 337 or 338 of the 2002 Act

#### Examples of money laundering activity:

By way of example, consider the following hypothetical scenario:

*A Housing Officer is assessing a service user's finances to calculate how much they should pay towards the cost of electrical goods, and then goes on to arrange for goods to be provided and charged for, in the course of which s/he becomes aware of, or suspects the existence of, criminal property.*

In this scenario the Housing Officer may commit an offence under section 328 by "being concerned in an arrangement" which s/he knows/suspects "facilitates the acquisition, retention, use or control of criminal property" if s/he does not report his/her concerns. Any lawyer involved could also be guilty of an offence if s/he assists in the transaction.

Any person found guilty of a money laundering offence is liable to imprisonment (maximum of 14 years), a fine or both; however an offence is not committed if the suspected money laundering activity is reported to the MLRO and, where necessary, official permission obtained to continue in the transaction.

Defences are available if, for example, the person:

- makes an 'authorised disclosure' under the 2002 Act to the ~~Serious Organised Crime Agency (SOCA)~~ National Crime Agency (NCA) or the MLRO and ~~SOCA~~ NCA gives consent to continue with the transaction; such a disclosure will not be taken to breach any rule which would otherwise restrict that disclosure;
- intended to make such a disclosure but had a reasonable excuse for not doing so;
- acquired, used or possessed the property for adequate consideration.
- did not know and had no reasonable cause to suspect the arrangement related to terrorist property or criminal property as the case may be.

### **POSSIBLE SIGNS OF MONEY LAUNDERING**

It is impossible to give a definitive list of ways in which to spot money laundering or how to decide whether to make a report to the MLRO. The following are types of risk factors which may, either alone or cumulatively with other factors, suggest the possibility of money laundering activity:

#### **GENERAL**

- A new client;
- A secretive client: e.g., refuses to provide requested information without a reasonable explanation;
- Concerns about the honesty, integrity, identity or location of a client;
- Illogical third party transactions: unnecessary routing or receipt of funds from third parties or through third party accounts;
- Involvement of an unconnected third party without logical reason or explanation;

- Payment of a substantial sum in cash (over £10,000);
- Overpayments by a client;
- Absence of an obvious legitimate source of the funds;
- Movement of funds overseas, particularly to a higher risk country or tax haven;
- Where, without reasonable explanation, the size, nature and frequency of transactions or instructions (or the size, location or type of a client) is out of line with normal expectations;
- A transaction without obvious legitimate purpose or which appears uneconomic, inefficient or irrational;
- The cancellation or reversal of an earlier transaction;
- Requests for release of client account details other than in the normal course of business;
- Companies and trusts: extensive use of corporate structures and trusts in circumstances where the client's needs are inconsistent with the use of such structures;
- Poor business records or internal accounting controls;
- A previous transaction for the same client which has been, or should have been, reported to the MLRO;

#### **PROPERTY MATTERS**

- Unusual property investment transactions if there is no apparent investment purpose or rationale;
- Instructions to receive and pay out money where there is no linked substantive property transaction involved (surrogate banking);
- Re property transactions, funds received for deposits or prior to completion from an unexpected source or where instructions are given for settlement funds to be paid to an unexpected destination;

Facts which tend to suggest that something odd is happening may be sufficient for a reasonable suspicion of money laundering to arise.

In short, the money laundering offences apply to your own actions and to matters in which you become involved. If you become aware that your involvement in a matter may amount to money laundering under the 2002 Act then you must discuss it with the MLRO and not take any further action until you have received, through the MLRO, the consent of **SOGANCA**. The failure to report money laundering obligations relate also to your knowledge or suspicions of others, through your work.

#### **WHAT ARE MY RESPONSIBILITIES?**

The Council's Anti-Money Laundering Policy makes it clear that all members of staff should report any concerns they may have of money laundering activity, irrespective of their area of work.

In relation to money laundering offences themselves, potentially any member of staff could breach the legislation if they knew or suspected money laundering and became involved with it in some way without reporting their concerns.

If you know or suspect, through the course of your work, that anyone is involved in any sort of criminal conduct then it is highly likely, given the wide definition of money laundering, that the client is also engaged in money laundering and a report to the MLRO will be required. The value involved in the offence is irrelevant. If, for example, you reasonably suspect that someone has falsified their expenses claim, even if just by £1, then you would need to report that to the MLRO.

Do not voice any suspicions to the person(s) whom you suspect of money laundering or involve other officers/individuals. ~~'Tipping off' is no longer an offence under the 2007 regulations for public authorities, however to do so may jeopardise the investigation.~~

If you suspect a case of money laundering you should report the details immediately to the Council's Money Laundering Reporting Officer (MLRO) Mike Coysh (ext 2603) or in his absence the Deputy MLRO Michael Hynes (ext 5522). Such disclosures to the MLRO will be protected in that they will not be taken to breach any restriction on the disclosure of information.

The report should be made either by completing the proforma attached, or if you prefer, in a discussion.

You should still report your concerns, even if you believe someone else has already reported their suspicions of the same money laundering activity.

If you are in any doubt as to whether or not to file a report with the MLRO then you should err on the side of caution and do so. The MLRO will not refer the matter on to SOCA-NCA if there is no need.

### **CONSIDERATION OF DISCLOSURE REPORT BY MLRO**

Where the MLRO receives a disclosure from a member of staff and concludes that there is actual/suspected money laundering taking place, or there are reasonable grounds to suspect so, then he must make a report as soon as practicable to SOCA-NCA on their standard report form and in the prescribed manner, unless he has a reasonable excuse for non-disclosure. Where relevant, the MLRO will also need to request appropriate consent from SOCA-NCA for any acts/transactions, which may otherwise amount to prohibited acts under the 2002 Act, to proceed.

The MLRO may receive appropriate consent from SOCA-NCA in the following ways:

- specific consent;
- no refusal of consent during the notice period (seven working days starting with the first working day after the MLRO makes the disclosure); or
- refusal of consent during the notice period but the moratorium period has expired (31 days starting with the day on which the MLRO receives notice of refusal of consent).

### **RELEVANT GUIDANCE**

When considering any offence under the legislation, the Court will consider whether you followed any relevant guidance approved by the Treasury, a supervisory authority, or any other appropriate body which includes, for example, the Law Society, the Financial Services Authority, the Institute of Chartered Accountants in England and Wales and other such bodies. Such guidance is available for lawyers and accountants by their respective professional bodies.

## **CLIENT IDENTIFICATION PROCEDURE**

The client identification procedure – putting in place formal procedures for evidencing the identity of those they do business with under the 2007 regulations - is only required, under the regulations, by those engaging in specific areas of Council activity. It is essential, however, for all staff to ensure they are constantly alert to potentially suspicious circumstances, for example, situations where funds flow through the Council from a source with which it is unfamiliar.

In particular, if the Council is forming a new business relationship, and/or is considering undertaking a significant one-off transaction, officers must ensure that their own service procedures satisfy the requirements of the Client Identification Procedure before any business is undertaken for that client. This will be especially true if the parties concerned are not physically present for identification purposes and to situations where they may be acting for absent third parties. Satisfactory evidence of the identity of the prospective client should be obtained beforehand. Further guidance can be obtained from the MLRO.

If you are undertaking work for a new client, then you may also wish to corroborate the details they provide/identity using any other sources available e.g.:

- check the organisation's website to confirm the identity of personnel, its business address and any other details;
- attend the client at their business address;
- search the telephone directory;
- ask the key contact officer to provide evidence of their personal identity and position within the organisation

## **CONCLUSION**

Given the nature of what the Council does and who it can provide services for, instances of suspected money laundering are unlikely to arise very often, if at all; however we must be mindful of the legislative requirements, as failure to comply with them may render the Council and/or individuals liable to prosecution and will also severely affect the reputation of the Council if it were to be implicated in such activity.

Please take prompt and proper action if you have any suspicions and feel free to consult the MLRO at any time should you be concerned regarding a matter.



WEST LANCASHIRE BOROUGH COUNCIL

CONFIDENTIAL

**Report to Money Laundering Reporting Officer**

**re money laundering activity**

**To:** Mike Coysh, **Money Laundering Reporting Officer**

From: .....  
*[insert name of employee]*

Service: .....  
*[insert post title]*

Ext/Tel No:.....

Name(s) and address(es) of person(s) involved:  
(if a company/public body please include details of nature of business)

Nature, value and timing of activity involved:  
(please include full details e.g. what, when, where, how. Continue on separate sheet if necessary)

Nature of suspicions regarding such activity:  
(please continue on separate sheet if necessary)

Has any investigation been undertaken (as far as you are aware)?  
(Please tick relevant box)

Yes  No

If yes, please include details below:

Have you discussed your suspicions with anyone else?  
(please tick relevant box)

Yes  No

If yes, please specify below, explaining why such discussion was necessary:

Have you consulted any supervisory body for guidance re money laundering? (e.g. the Law Society) (please tick relevant box)

Yes  No

If yes, please specify below:

Do you feel you have a reasonable excuse for not disclosing the Matter to the NCISNCA? (e.g. are you a lawyer and wish to claim legal professional privilege?) (please tick the relevant box)

Yes  No

If yes, please set out full details below:

Are you involved in a transaction which might be a prohibited act under Sections 327-329 of the Act and which requires appropriate consent from the NCISNCA? (please tick relevant box)

No

Yes

If yes, please enclose details in the box below:

Please set out below any other information you feel is relevant:

Signed:.....

Dated:.....

Please do not discuss the content of this report with anyone you believe to be involved in the suspected money laundering activity described.

**THE FOLLOWING PART OF THIS FORM IS FOR COMPLETION BY THE MLRO**

Date report received: .....

Date receipt of report acknowledged: .....

**CONSIDERATION OF DISCLOSURE:**

Action Plan:

**OUTCOME OF CONSIDERATION OF DISCLOSURE:**

Are there reasonable grounds for suspecting money laundering activity?

If there are reasonable grounds for suspicion, will a report be made to the **NCISNCA**? (please tick relevant box)

Yes

No

If yes, please confirm date of report to **NCISNCA**: .....  
and complete the box below:

**Details of liaison with the **NCIS-NCA** regarding the report:**

Notice period: ..... to .....

Moratorium period: .....to .....

Is consent required from the ~~NCIS-NCA~~ to any ongoing or imminent transactions which would otherwise be prohibited acts?

Yes

No

If yes, please confirm full details in the box below:

Date consent received from ~~NCISNCA~~: .....

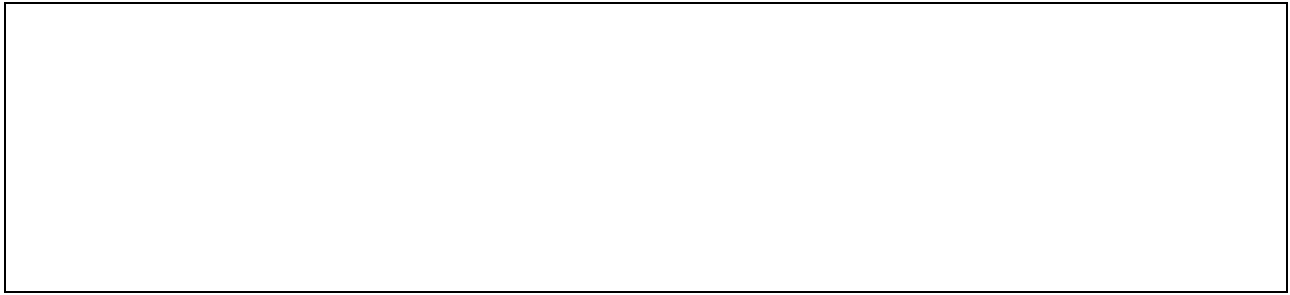
Date consent given by you to employee: .....

If there are reasonable grounds to suspect money laundering, but you do not intend to report the matter to the ~~NCISNCA~~, please set out below the reason(s) for non-disclosure:

Date consent given by you to employee for any prohibited act transactions to proceed:

.....

Other relevant information:



Signed: .....

Dated: .....

THIS REPORT TO BE RETAINED FOR AT LEAST FIVE YEARS





**Audit & Governance Committee Work Programme – 27 January 2015**

<b>Date</b>	<b>Training (commencing 6.30pm)</b>	<b>Items</b>
24 March 2015	TBC	<ol style="list-style-type: none"><li>1. Local Code of Governance</li><li>2. Internal Audit Activities – Quarterly Update</li><li>3. Internal Audit Plan 2015/16</li><li>4. Regulation of Investigatory Powers Act quarterly monitoring of use of powers</li><li>5. Grant Thornton – Audit Plan</li><li>6. Risk Management Framework</li></ol>
June 2015	TBC	<ol style="list-style-type: none"><li>1. Internal Audit Activities – Annual report</li><li>2. Internal Audit Activities – Quarterly Update</li><li>3. Annual Governance Statement</li><li>4. Statement of Accounts</li><li>5. Regulation of Investigatory Powers Act Quarterly Monitoring of Use of Powers</li></ol>
September 2015	TBC	<ol style="list-style-type: none"><li>1. Grant Thornton – Audit Plan Findings Report</li><li>2. Internal Audit Activities – Quarterly Update</li><li>3. Approval of Statement of Accounts</li><li>4. Regulation of Investigatory Powers Act Annual and Quarterly monitoring of Use of Powers</li><li>5. Annual Review - Anti-Fraud, Bribery and Corruption Policy</li></ol>
January 2016	TBC	<ol style="list-style-type: none"><li>1. Risk management Framework</li><li>2. Internal Audit Activities – Quarterly Update</li><li>3. Regulation of Investigatory Powers Act quarterly monitoring of use of powers</li><li>4. Grant Thornton Annual Audit Letter</li><li>5. Grant Thornton Certification Letter</li><li>6. Treasury Management</li></ol>